



*Via Email*

September 6, 2012

Maria Friedman,  
Senior Vice President of Tax and Treasury  
Cox Enterprises, Inc.  
6205 Peachtree Dunwoody Road  
Atlanta, GA 30328

**RE: PROPOSAL FOR EXCHANGE ACCOMMODATION TITLEHOLDER SERVICES**

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Dear Maria,

Thank you for considering TVPX 1031 Exchange Co. (“**TVPX**”) for your companies’ reverse 1031 exchange needs. I understand the following facts with respect to the proposed like-kind exchange transactions for Cox Radio, Inc. and KTVU, Inc. (collectively “**Cox**”):

**THE RELINQUISHED PROPERTY**

- Cox Radio, Inc. is in the process of selling all of the assets, tangible and intangible, associated with certain radio stations and KTVU, LLC, a disregarded entity for income tax purposes the sole member of which is KTVU, Inc., is in the process of selling all of the assets, tangible and intangible, associated with certain television stations, all of which be identified in accordance with Section 4.02(4) of Revenue Procedure 2000-37 and consistent with the principles described in Treasury Regulation Section 1.1031(k)-1(c) (the “**Relinquished Properties**”);
- Cox has owned the Relinquished Properties for several years;
- Many of assets comprising the Relinquished Properties have a low tax basis; and,
- Cox has not yet located suitable buyers for the Relinquished Properties.

**THE REPLACEMENT PROPERTY**

- Cox Radio, Inc. anticipates replacing most of the assets comprising its Relinquished Properties with all of the assets, tangible and intangible, associated with one (1) television station and KTVU, Inc. anticipates replacing most of the assets comprising its Relinquished Properties with all of the assets, tangible and intangible, associated with two (2) television stations (the “**Replacement Properties**”); and,
- Cox has identified suitable Replacement Properties and closing is expected to occur in or after November 2012.

## THE OBJECTIVE

- Cox would like to defer the capital gains tax or depreciation recapture on the sale of the Relinquished Properties under IRC Section 1031 of the Internal Revenue Code;
- Cox will likely need to acquire the Replacement Properties before they sell the Relinquished Properties to one or more third party buyer(s). Cox would like TVPEAT, Inc. (the Exchange Accommodation Titleholder (“EAT”)) to use one or more of its newly formed subsidiary limited liability company entities (“LLC”) to purchase each of their Replacement Properties and to structure each of the transactions as a “reverse” exchange under Revenue Procedure 2000-37, with Wells Fargo Bank or another suitable party of Cox’s choosing serving in the capacity of qualified intermediary; and,
- Under Revenue Procedure 2000-37, the EAT, LLCs and the taxpayers may enter into various agreements. If required, the EAT and/or LLCs will enter into one or more of these permissible agreements in order to meet Cox’s exchange and regulatory requirements (i.e. agreements for the operation of the stations, Promissory Notes, Mortgages and/or Security Agreements, etc.).
- The three television stations comprising the Replacement Properties are licensed by the Federal Communications Commission (the “FCC”). Because the LLCs will take title to the FCC licenses associated with the television stations, and it will thus be a licensee subject to the rules and regulations of the FCC, it will be necessary for the LLCs to satisfy the requirements for holding an FCC license. TVPX is prepared to represent and warrant to Cox that it satisfies those requirements.

TVPX will work with Cox to prepare all of the required documents for the reverse exchanges including:

- The Qualified Exchange Accommodation Agreements (QEAA)
- Mortgage(s) on real estate and Security Agreement(s) on personal property to perfect the lender's security interests in the Replacement Properties
- Promissory Note(s)
- Agreements relating to the operation of the Replacement Properties
- Assignment Agreements

TVPX also will work with Cox to prepare other appropriate documentation that may be required for the transactions (*i.e.* Bills of Sale, Sale for Resale Certificates, etc.). TVPX will also file for the appropriate State Certificates of Authority and Sales Tax Permits for the LLCs used to purchase the Replacement Properties. The LLCs will be Delaware LLCs used solely for this transaction. If requested by Cox, the LLCs will appoint an individual to serve as an independent manager of the LLCs. TVPX will cooperate with Cox to complete the closing of the LLCs’ purchase of the Replacement Properties, including cooperating in obtaining FCC and other third party consents.

Fees for completing the above transactions, as Cox's Exchange Accommodation Titleholder, would be as follows:

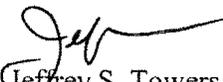
- Engagement Fee: \$5,000.00 due upon acceptance of this proposal;
- EAT Fee: \$40,000.00 (in addition to the engagement fee) for the three television stations and related tangible and intangible assets parked in two or more LLCs;
- Miscellaneous: Cox will be required to reimburse TVPX for all miscellaneous transaction related expenses (i.e. any title and escrow fees, formation, qualification and dissolution, franchise or other taxes, filing fees, overnight courier, outside vendors, etc.).

**Fees and expenses are due and payable even if one or both of the exchanges falls through or is not completed (unless the exchange is not completed due to the failure of TVPX to perform its obligations). If a transaction is restructured by Cox, TVPX will prepare the appropriate documents for an additional agreed to charge.**

TVPX makes no representations or warranties regarding any federal or state tax matters. Cox must rely on their own tax counsel with respect to all tax issues arising from this transaction.

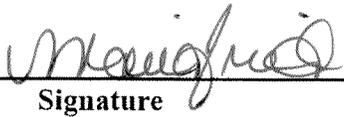
If this proposal is acceptable and meets your requirements, please sign below and submit an executed copy to TVPX with the Engagement Fee. If you have any questions, please feel free to contact me.

Sincerely,

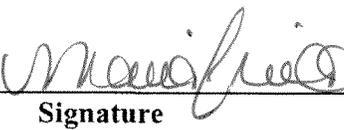
  
Jeffrey S. Towers  
Vice President

**EXCHANGE ACCOMODATION TITLEHOLDER SERVICES ACCEPTED BY:**

**COX RADIO, INC.**

By:  9/6/12  
Signature Date

**KTVU, INC.**

By:  9/6/12  
Signature Date

**Disclaimer: It is imperative that the taxpayer executes and delivers to TVPX all required exchange documentation, in addition to this proposal, prior to acquiring Replacement Properties or disposing of Relinquished Properties. If the taxpayer engages TVPX to provide tax deferred exchange services, it shall be solely responsible for the tax consequences of any failure to provide TVPX with reasonable advance notice of a sale or purchase of any property involved in the exchange.**

State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 10:02 AM 09/06/2012  
FILED 10:02 AM 09/06/2012  
SRV 121003340 - 5208558 FILE

CERTIFICATE OF FORMATION  
of  
COX TELEVISION JACKSONVILLE, LLC  
A LIMITED LIABILITY COMPANY

*Pursuant to Section 18-201:*

- FIRST: The name of the limited liability company is:  
COX TELEVISION JACKSONVILLE, LLC
- SECOND: Its registered office in the State of Delaware is to be located at: 1220 N. Market Street, Suite 806, Wilmington, DE 19801, County of New Castle and its registered agent at such address is: BlumbergExcelsior Corporate Services, Inc.
- THIRD: The duration of the limited liability company is perpetual.

IN WITNESS WHEREOF, the undersigned, being the individual forming the limited liability company, has executed, signed and acknowledged this Certificate of Formation this 6<sup>th</sup> day of September, 2012.

/s/ Jose Mojica  
Jose Mojica  
Organizer

Statement of Organizers Action

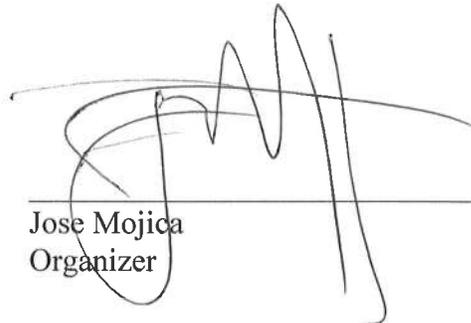
of

COX TELEVISION JACKSONVILLE, LLC

The undersigned, being the initial authorized person of the within named limited liability company does hereby state that:

1. The Articles of Organization of the Limited Liability Company (herein known as the "LLC") was filed by the State of Delaware on September 6, 2012. The Articles of Organization are annexed hereto. The same hereby, is ordered filed with the Operating Agreement of the LLC.
2. At the time of its formation, the LLC had at least one member/manager, to wit: TVPEAT, INC.
3. The initial organizer herein is neither a member nor a manager of the LLC.
4. From this date hence, the undersigned, effective this date, has fulfilled the duties as the initial organizer of LLC and herewith relinquishes all further duties to the LLC.

IN WITNESS WHEREOF, I have made and subscribed this Initial Election of Members, this 6<sup>th</sup> day of September, 2012



Jose Mojica  
Organizer